

SCHOOL PROPERTY TAX EQUALIZATION**AMENDMENTS**

2010 GENERAL SESSION

STATE OF UTAH

LONG TITLE**General Description:**

This bill amends provisions related to the equalization of school capital outlay levies in counties of the first class.

Highlighted Provisions:

This bill:

- ▶ requires a school district in a county of the first class that receives property tax revenue from a capital outlay levy equalization program to:
 - separately account for and budget monies received from the equalization program;
 - expend the monies received for a qualified school building cost; and
 - adopt schedules to increase the enrollment capacity of certain school buildings;
- ▶ defines terms; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

53A-16-107.1, as enacted by Laws of Utah 2008, Chapter 236

59-2-924.3, as last amended by Laws of Utah 2009, Chapter 204

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **53A-16-107.1** is amended to read:

53A-16-107.1. School capital outlay in counties of the first class -- Allocation --

Accounting and creation of a separate fund -- Use of funds.

(1) For purposes of this section:

(a) "Capital outlay increment monies" means the amount of revenue equal to the difference between:

(i) the amount of revenue generated by a levy of .0006 per dollar of taxable value within a receiving school district during a fiscal year; and

(ii) the amount of revenue the receiving school district received during the same fiscal year from the distribution described in Subsection (2).

(b) "Contributing school district" means a school district in a county of the first class that in a fiscal year receives less revenue from the distribution described in Subsection (2) than it would have received during the same fiscal year from a levy imposed within the school district of .0006 per dollar of taxable value.

(c) "Feeder system" means a high school and the system of elementary, middle, and junior high schools that are within the high school's attendance area.

(d) (i) "Increased capacity building schedule" means a schedule for a school building that increases the enrollment capacity of the school by at least 33% above a traditional 180 day school year schedule.

(ii) "Increased capacity building schedule" may include:

(A) a year-round schedule or other schedule that increases the enrollment capacity of the school by extending the number of hours or days the school is used; or

(B) a trimester schedule that gives students and teachers scheduling options, such as:

(I) attending school or teaching year-round, either full-time or part-time; or

(II) attending school or teaching school two semesters in a year.

(e) "Qualified school building cost" means the cost of:

(i) new school building construction;

(ii) enlarging a school building to increase the student capacity of the building; or

(iii) equipping and installing air conditioning in a school building that is on an increased capacity building schedule.

(f) "Receiving school district" means a school district in a county of the first class that in a fiscal year receives more revenue from the distribution described in Subsection (2) than it would have received during the same fiscal year from a levy imposed within the school district

63 of .0006 per dollar of taxable value.

64 ~~[(1)]~~ (2) The county treasurer of a county of the first class shall distribute revenues
65 generated by the .0006 portion of the capital outlay levy required in Subsection 53A-16-107(3)
66 to school districts located within the county of the first class as follows:

67 (a) 25% of the revenues shall be distributed in proportion to a school district's
68 percentage of the total enrollment growth in all of the school districts within the county that
69 have an increase in enrollment, calculated on the basis of the average annual enrollment growth
70 over the prior three years in all of the school districts within the county that have an increase in
71 enrollment over the prior three years, as of the October 1 enrollment counts; and

72 (b) 75% of the revenues shall be distributed in proportion to a school district's
73 percentage of the total current year enrollment in all of the school districts within the county, as
74 of the October 1 enrollment counts.

75 ~~[(2)]~~ (3) If a new school district is created or school district boundaries are adjusted,
76 the enrollment and average annual enrollment growth for each affected school district shall be
77 calculated on the basis of enrollment in school district schools located within that school
78 district's newly created or adjusted boundaries, as of October 1 enrollment counts.

79 ~~[(3)]~~ (4) On or before December 31 of each year, the State Board of Education shall
80 provide a county treasurer with audited enrollment information from the fall enrollment audit
81 necessary to distribute revenues as required by this section.

82 ~~[(4)]~~ (5) On or before March 31 of each year, a county treasurer in a county of the first
83 class shall distribute the revenue generated within the county of the first class during the prior
84 calendar year from the capital outlay levy described in Section 53A-16-107.

85 (6) A receiving school district shall:

86 (a) deposit the receiving school district's capital outlay increment monies into a
87 separate fund;

88 (b) separately budget and account for the receiving school district's use of any capital
89 outlay increment monies; and

90 (c) by November 30, submit copies of an audit of the receiving school district's use of
91 the capital outlay increment monies in the previous fiscal year to:

92 (i) the receiving school district's county treasurer;

93 (ii) the state superintendent; and

(iii) the superintendents of each of the contributing school districts within the receiving school district's county.

(7) (a) A receiving school district may expend capital outlay increment monies only for a qualified school building cost.

(b) If a receiving school district does not comply with Subsection (7)(a):

(i) at the direction of the state superintendent, the receiving school district shall return to the county treasurer an amount of revenue equal to the amount of capital outlay increment monies that were spent for a purpose other than a qualified school building cost; and

(ii) the county treasurer shall refund the revenue described in Subsection (7)(b)(i) to each contributing school district in the county in proportion to the contributing school district's contribution to capital outlay increment monies.

(8) (a) Within four years of the date a receiving school district first receives capital outlay increment monies, the receiving school district shall implement an increased capacity building schedule at all school buildings within a feeder system.

(b) If a receiving school district does not comply with Subsection (8)(a):

(i) at the direction of the state superintendent, the receiving school district shall return to the county treasurer an amount of revenue equal to the total amount of capital outlay increment monies the receiving school district has received; and

(ii) the county treasurer shall refund the revenue described in Subsection (8)(b)(i) to each contributing school district in the county in proportion to the contributing school district's contribution to capital outlay increment monies.

Section 2. Section **59-2-924.3** is amended to read:

59-2-924.3. Adjustment of the calculation of the certified tax rate for a school district imposing a capital outlay levy in a county of the first class.

(1) As used in this section:

(a) "Capital outlay increment" means the amount of revenue equal to the difference between:

(i) the amount of revenue generated by a levy of .0006 per dollar of taxable value within a school district during a fiscal year; and

(ii) the amount of revenue the school district received during the same fiscal year from the distribution described in Subsection 53A-16-107.1~~[(1)]~~(2).

(b) "Contributing school district" means a school district in a county of the first class that in a fiscal year receives less revenue from the distribution described in Subsection 53A-16-107.1~~[(1)]~~(2) than it would have received during the same fiscal year from a levy imposed within the school district of .0006 per dollar of taxable value.

(c) "Receiving school district" means a school district in a county of the first class that in a fiscal year receives more revenue from the distribution described in Subsection 53A-16-107.1~~[(1)]~~(2) than it would have received during the same fiscal year from a levy imposed within the school district of .0006 per dollar of taxable value.

(2) For fiscal year 2009-10, a receiving school district shall decrease its capital outlay certified tax rate under Subsection 59-2-924(3)(g)(ii) by an amount required to offset the receiving school district's estimated capital outlay increment for the current fiscal year.

(3) Beginning with fiscal year 2010-11, a receiving school district shall decrease its capital outlay certified tax rate under Subsection 59-2-924(3)(g)(ii) by the amount required to offset the receiving school district's capital outlay increment for the prior fiscal year.

(4) For fiscal year 2009-10, a contributing school district is exempt from the notice and public hearing provisions of Section 59-2-919 for the school district's capital outlay levy certified tax rate calculated pursuant to Subsection 59-2-924(3)(g)(ii) if:

(a) the contributing school district budgets an increased amount of ad valorem property tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital outlay levy described in Section 53A-16-107; and

(b) the increased amount of ad valorem property tax revenue described in Subsection (4)(a) is less than or equal to that contributing school district's estimated capital outlay increment for the current fiscal year.

(5) Beginning with fiscal year 2010-11, a contributing school district is exempt from the notice and public hearing provisions of Section 59-2-919 for the school district's capital outlay levy certified tax rate calculated pursuant to Subsection 59-2-924(3)(g)(ii) if:

(a) the contributing school district budgets an increased amount of ad valorem property tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital outlay levy described in Section 53A-16-107; and

(b) the increased amount of ad valorem property tax revenue described in Subsection (5)(a) is less than or equal to that contributing school district's capital outlay increment for the

156 prior year.

157 (6) Beginning with fiscal year 2011-12, a contributing school district is exempt from
158 the notice and public hearing provisions of Section 59-2-919 for the school district's capital
159 outlay levy certified tax rate calculated pursuant to Subsection 59-2-924(3)(g)(ii) if:

160 (a) the contributing school district budgets an increased amount of ad valorem property
161 tax revenue exclusive of new growth as defined in Subsection 59-2-924(4) for the capital
162 outlay levy described in Section 53A-16-107; and

163 (b) the increased amount of ad valorem property tax revenue described in Subsection
164 (6)(a) is less than or equal to the difference between:

165 (i) the amount of revenue generated by a levy of .0006 per dollar of taxable value
166 imposed within the contributing school district during the current taxable year; and

167 (ii) the amount of revenue generated by a levy of .0006 per dollar of taxable value
168 imposed within the contributing school district during the prior taxable year.

169 (7) Regardless of the amount a school district receives from the revenue collected from
170 the .0006 portion of the capital outlay levy required in Subsection 53A-16-107(3), the revenue
171 generated within the school district from the .0006 portion of the capital outlay levy required in
172 Subsection 53A-16-107(3) shall be considered to be budgeted ad valorem property tax
173 revenues of the school district that levies the .0006 portion of the capital outlay levy for
174 purposes of calculating the school district's certified tax rate in accordance with Subsection
175 59-2-924(3)(g)(ii).